
Joint Release

**Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
National Credit Union Administration
Office of the Comptroller of the Currency
Office of Thrift Supervision
Financial Crimes Enforcement Network**

For Immediate Release

June 30, 2005

Agencies Release Bank Secrecy Act/Anti-Money Laundering Examination Manual

The Federal Financial Institutions Examination Council (FFIEC) today released the Bank Secrecy Act/Anti-Money Laundering Examination Manual (FFIEC BSA/AML Examination Manual), which will be posted on the Internet at 3 p.m. today at: <http://www.ffiec.gov/pdf/bsamannual.pdf>. The manual's release marks an important step forward in the effort to ensure the consistent application of the BSA to all banking organizations including commercial banks, savings associations, and credit unions.

The FFIEC BSA/AML Examination Manual was developed by the Board of Governors of the Federal Reserve System (Board), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), and Office of Thrift Supervision (OTS) (collectively referred to as the federal banking agencies) in collaboration with the Financial Crimes Enforcement Network (FinCEN), the delegated administrator of the BSA. In addition, through the Conference of State Bank Supervisors, the state banking agencies played a consultative role. The Office of Foreign Assets Control (OFAC) collaborated on the development of core overview and examination procedures addressing compliance with regulations enforced by OFAC.

The FFIEC BSA/AML Examination Manual emphasizes a banking organization's responsibility to establish and implement risk-based policies, procedures, and processes to comply with the BSA and safeguard its operations from money laundering and terrorist financing. The BSA/AML examination procedures will guide examiners through an evaluation of a banking organization's BSA/AML compliance program regardless of its size or business lines. The majority of the FFIEC BSA/AML Examination Manual provides narrative guidance and resource materials rather than specific examination procedures. This includes an overview of the BSA requirements and the federal banking agencies' supervisory expectations in this area.

The Board, FDIC, OCC, OTS, and FinCEN have planned a series of events to brief the banking industry and field examiners on the FFIEC BSA/AML Examination Manual. These events include nationwide conference calls, regional outreach meetings, and a simulcast via the Internet. Banking organizations are encouraged to participate in these voluntary sessions. (More information on these events is attached in a fact sheet.)

Registration details for the industry calls, regional outreach meetings, and the simulcast will be communicated shortly to the banking industry via separate notice.

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A brief Q&A about the BSA/AML Manual follows.

Questions and Answers on the BSA/AML Examination Manual

EXAMINATION PROCEDURES

1. When will the examiners begin incorporating the new FFIEC BSA/AML Examination Manual in their examinations?

The federal banking agencies will begin using the manual during the third quarter of 2005.

2. Does the new manual impose additional requirements for regulatory compliance or AML risk management?

The manual does not set new standards; instead it is a compilation of existing regulatory requirements, supervisory expectations, and sound practices for BSA/AML compliance.

Risk Assessment

3. Will the manual provide guidance on how to design and implement a risk-based AML program? Will examiners use a banking organization's risk assessment when scoping an examination?

The manual reinforces the agencies' and FinCEN's position that sound BSA/AML risk management enables a banking organization to identify BSA/AML risks and better direct its resources, with the ultimate goal of protecting the organization from potential abuse for money laundering or terrorist financing. The scoping and planning section and appendix J - "Quantity of Risk Matrix" provide examiners and the banking industry guidance on assessing BSA/AML risk. As part of the scoping and planning process the examiner will turn first to the banking organization's risk assessment. If the institution has not developed a risk assessment, or if it is considered inadequate, then the examiner must complete a risk assessment.

SUSPICIOUS ACTIVITY MONITORING AND REPORTING

4. Does the BSA/AML examination manual offer new guidance for Suspicious Activity Reports?

The manual is a compilation of existing guidance developed by the federal banking agencies and FinCEN and does not set forth new guidance for suspicious activity monitoring and reporting. Instead, the manual reinforces the agencies' and FinCEN's position that examiners should focus on evaluating a banking organization's policies, procedures, and processes to identify and research suspicious activity.

OTHER

5. Who should an individual contact if they have questions about the new manual?

Questions regarding the FFIEC BSA/AML Examination Manual should be directed to the district or regional office of your federal banking agency.